



Consolidated Financial Summary (Japanese Accounting Standards)
(For the six months ended September 30, 2017)

October 26, 2017

Listed company: Shin-Etsu Polymer Co., Ltd.

Listing Code: No. 7970 (URL <http://www.shinpoly.co.jp/>)
 Listing Stock Exchange: Tokyo
 Representative: Yoshiaki Ono, Representative Director, President
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Scheduled date to submit the Quarterly Securities Report: November 9, 2017
 Scheduled date of dividend payout: November 27, 2017
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for analysts)

(Amounts under a million yen are truncated.)

1. Consolidated Financial Highlights for the First Half of the Fiscal Year Ending March 31, 2018
(April 1, 2017 to September 30, 2017)

(1) Consolidated Financial Results (The percentages indicate the rates of increase or decrease compared with the preceding first half.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – September 30, 2017	38,991	6.7	3,470	4.3	3,637	25.5	2,553	16.8
April – September 30, 2016	36,531	(1.9)	3,328	74.7	2,898	32.9	2,186	48.1

(Note) Comprehensive income: September 30, 2017: ¥2,150 million (–%); September 30, 2016: -¥2,194 million (–%)

	Profit per share (Basic)		Profit per share (Diluted)	
	Yen		Yen	
April – September 30, 2017	31.09		31.04	
April – September 30, 2016	26.69		26.65	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended September 30, 2017	99,974	74,616	74.5
Year ended March 31, 2017	96,061	72,890	75.8

(Reference) Equity capital: September 30, 2017: ¥74,487 million; March 31, 2017: ¥72,839 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2017	–	6.00	–	6.00	12.00
March 2018	–	6.00			
March 2018 (forecast)			–	6.00	12.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(The percentages indicate the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share (Basic)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	76,000	2.7	6,500	17.9	6,800	14.6	5,200	22.9	63.33	

(Note) Revisions to financial forecasts published most recently: No

* Notes

- (1) Any changes in important subsidiaries during the six months ended September 30, 2017: None
(Any changes in specific subsidiaries accompanied by a change in the scope of consolidating):
Newly added: None Eliminated: None
- (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: None
- (3) Any changes in accounting policies and changes or restatement of accounting estimates
- | | |
|---|------|
| 1. Changes in accounting policies associated with the revision of accounting standards, etc.: | None |
| 2. Changes in accounting policies other than the above: | None |
| 3. Changes in accounting estimates: | None |
| 4. Restatement: | None |
- (4) Number of shares issued (common stock)
- | | | |
|--|----------------|-------------------|
| 1. Number of shares issued as of the term end (including treasury shares): | September 2017 | 82,623,376 shares |
| | March 2017 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | September 2017 | 474,262 shares |
| | March 2017 | 513,092 shares |
| 3. Average number of shares during the term: | September 2017 | 82,139,495 shares |
| | September 2016 | 81,907,577 shares |

This financial summary is not subject to the statutory quarterly review.

Statement regarding the proper use of financial forecasts and other special remarks

The forward-looking statements, such as results forecasts, included in this document are based on information currently available to the Company and certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially, depending on a range of factors.

Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Results, etc. for the Six-Month Period Ended September 30, 2017

(1) Qualitative Information on the Consolidated Results

The global economy experienced a moderate recovery, particularly in developed countries, which continued during the six-month period ended September 30, 2017. The U.S. economy backed largely by strong consumer spending and higher corporate earnings remained solid, and the European economy maintained a moderate recovery trend thanks in part to monetary easing and revival of emerging economies. In Asia, the Chinese government's economic policies helped stop the slowdown of the country's economic growth, and the ASEAN economies also remained on track for recovery.

The Japanese economy continued to recover slowly partly through a sustained increase in corporate earnings based on the stable depreciation of the yen, and improved employment and income condition supported solid consumer spending.

In the Group's business environment, the semiconductor industry remained active and demand in the automotive sector continued to be strong.

In this operating environment, the Group continued its sales activities with a focus on the further commercialization of mainstay products and new products in Japan and abroad. In terms of production, the Group absorbed four subsidiaries operating domestic production in April 2017 and began the organizational management with combined management resources while also engaging actively in capital investment primarily to increase its production capacity.

As a result, consolidated net sales stood at ¥38,991 million (up 6.7% year on year), consolidated operating profit amounted to ¥3,470 million (up 4.3% year on year), consolidated ordinary profit was ¥3,637 million (up 25.5% year on year), and profit attributable to owners of parent came to ¥2,553 million (up 16.8% year on year) for the six months under review.

Consolidated operating results by segment are as follows:

1) Electronic Devices segment

In the Electronic Devices segment, overall sales increased from a year ago as a result of continued steady shipments, particularly of automotive input devices, which contributed to income growth.

In the business of input devices constituting core products, shipments of automotive key switches and capacitive touch switches remained steady following an increase in the number of vehicle-mounted electronic switches and automobile models installing the switches. Meanwhile, shipments of slim notebook personal computer touchpads remained sluggish, reflecting weak demand and no order for new models received. As for display-related products, sales of view control films (VCFs) were sluggish despite a recovery in sales of LCD connectors. The business of component-related products indicated signs of recovery despite the impact of production adjustments of parts for high-end smartphones on sales of electronic-part testing connectors.

As a result, segment sales amounted to ¥9,698 million, up 3.5% year on year, and segment operating profit was ¥851 million, up 6.7% year on year.

2) Precision Molding Products segment

In the Precision Molding Products segment, strong shipments of semiconductor-related containers resulted in year-on-year growth of overall sales, which helped increase profit.

Among the semiconductor-related containers, shipments not only of core products such as 300-mm wafer containers, but those for small-diameter wafers, remained strong on the back of robust demand in the semiconductor industry, which resulted in higher sales. Sales of components for office automation equipment remained at the same level as a year earlier, despite a recovery in shipments of products for major users. Sales of carrier tape-related products increased, owing to strong sales of automotive semiconductors and a recovery

in demand for electronic components for smartphones. In silicone rubber molded products, shipments of mainstay products for medical equipment grew steadily; sales, however, remained at the same level as a year earlier.

As a result, segment sales stood at ¥16,770 million, up 8.4% year on year, and segment operating profit totaled ¥2,508 million, up 6.0% year on year.

3) Housing & Living Materials segment

Overall sales in the Housing & Living Materials segment exceeded the segment sales of a year earlier and profit also increased thanks to new pricing and sales promotion for new products despite an extremely harsh external environment.

In the segment of packing materials such as wrapping films, shipments to food supermarkets and the food service industry struggled to grow and sales remained flat. Sales of PVC pipes and related products surpassed the amount of a year earlier after the segment secured sufficient orders amid fierce competition. Shipments of plastic compounds for automobiles and FA robot cables remained at a high level and helped a significant increase in sales. While demand remained weak, sales of exterior materials reached the same level as a year earlier following the development of new customers and expansion of product lines.

As a result, segment sales come to ¥9,094 million, up 7.5% year on year, and segment operating profit totaled ¥80 million, up 358.8% year on year.

4) Others segment

Overall sales in the Others segment increased year on year, reflecting a stable flow of construction orders received such as new construction and renovation of commercial facilities, particularly in Tokyo and neighboring areas, and interior construction of public facilities.

As a result, segment sales amounted to ¥3,428 million (up 6.0% year on year) and operating profit was ¥29 million (down 79.5% year on year).

(2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts

Consolidated financial forecasts for the fiscal year ending March 31, 2018 published on July 24, 2017 remain unchanged.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2017 (As of March 31, 2017)	Six months ended September 30, 2017
Assets		
Current assets		
Cash and deposits	40,236	42,971
Notes and accounts receivable - trade	18,903	19,080
Merchandise and finished goods	5,520	5,854
Work in process	1,147	1,139
Raw materials and supplies	2,391	2,450
Accounts receivable - other	1,202	1,160
Deferred tax assets	1,042	1,079
Other	3,094	3,210
Allowance for doubtful accounts	(360)	(362)
Total current assets	73,178	76,585
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,781	6,852
Machinery, equipment and vehicles, net	4,564	5,036
Land	6,471	6,533
Construction in progress	1,003	1,170
Other, net	1,028	1,076
Total property, plant and equipment	19,850	20,669
Intangible assets		
Software	209	137
Other	95	84
Total intangible assets	305	221
Investments and other assets		
Investment securities	1,184	1,252
Deferred tax assets	450	228
Other	1,092	1,016
Total investments and other assets	2,727	2,498
Total non-current assets	22,882	23,389
Total assets	96,061	99,974

(Million yen)

	Year ended March 31, 2017 (As of March 31, 2017)	Six months ended September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable—trade	13,080	14,604
Short-term loans payable	0	0
Accounts payable—other	2,737	2,962
Income taxes payable	966	1,118
Accrued expenses	2,641	2,588
Provision for bonuses	1,167	1,312
Provision for directors' bonuses	46	19
Other	987	1,216
Total current liabilities	21,628	23,823
Non-current liabilities		
Long-term loans payable	0	—
Net defined benefit liability	1,231	1,260
Other	310	274
Total non-current liabilities	1,542	1,534
Total liabilities	23,171	25,358
Net assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	51,970	53,995
Treasury stock	(360)	(333)
Total shareholders' equity	73,964	76,016
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	436	481
Foreign currency translation adjustment	(1,560)	(2,007)
Remeasurements of defined benefit plans, net of tax	(1)	(1)
Total accumulated other comprehensive income	(1,125)	(1,528)
Subscription rights to shares	51	128
Total net assets	72,890	74,616
Total liabilities and net assets	96,061	99,974

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

Consolidated Statements of Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Net sales	36,531	38,991
Cost of sales	24,733	26,843
Gross profit	11,798	12,148
Selling, general and administrative expenses	8,470	8,677
Operating profit	3,328	3,470
Non-operating income		
Interest income	104	117
Foreign exchange gains	—	60
Other	50	27
Total non-operating income	154	206
Non-operating expenses		
Interest expenses	12	11
Foreign exchange losses	554	—
Loss on retirement of non-current assets	10	26
Other	7	0
Total non-operating expenses	584	39
Ordinary profit	2,898	3,637
Profit before income taxes	2,898	3,637
Income taxes—current	744	971
Income taxes—deferred	(32)	112
Total income taxes	711	1,084
Profit	2,186	2,553
Profit attributable to owners of parent	2,186	2,553

Consolidated Statement of Comprehensive Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Profit	2,186	2,553
Other comprehensive income		
Valuation difference on available-for-sale securities	(18)	44
Foreign currency translation adjustment	(4,363)	(447)
Remeasurements of defined benefit plans	1	0
Total other comprehensive income	(4,380)	(402)
Comprehensive income	(2,194)	2,150
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(2,194)	2,150

(3) Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)
Net cash provided by (used in) operating activities		
Profit before income taxes	2,898	3,637
Depreciation and amortization	1,301	1,335
Interest and dividend income	(117)	(131)
Interest expenses	12	11
Foreign exchange losses (gains)	328	(73)
Loss on retirement of non-current assets	10	26
Decrease (increase) in notes and accounts receivable-trade	(2,164)	(921)
Decrease (increase) in inventories	408	(357)
Increase (decrease) in notes and accounts payable-trade	310	1,710
Increase (decrease) in net defined benefit liability	(90)	30
Decrease (increase) in consumption taxes receivable/payable	277	(46)
Other, net	502	232
Subtotal	3,676	5,453
Interest and dividends income received	122	132
Interest expenses paid	(12)	(12)
Repayment (payment) of corporate taxes	(517)	(761)
Net cash provided by (used in) operating activities	3,269	4,812
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	85	163
Purchase of property, plant and equipment	(1,910)	(1,663)
Other, net	(87)	(28)
Net cash provided by (used in) investing activities	(1,911)	(1,528)
Net cash provided by (used in) financing activities		
Cash dividends paid	(367)	(491)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(30)	–
Other, net	32	14
Net cash provided by (used in) financing activities	(366)	(477)
Effect of exchange rate change on cash and cash equivalents	(2,742)	(245)
Net increase (decrease) in cash and cash equivalents	(1,751)	2,561
Cash and cash equivalents at beginning of period	35,377	38,981
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	350
Cash and cash equivalents at end of period	33,626	41,894

(4) Explanatory Notes to Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity (if any))

Not applicable

(Segment Information)

Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	9,369	15,466	8,461	33,297	3,234	36,531
Inter-segment sales or transfers	–	–	–	–	–	–
Total	9,369	15,466	8,461	33,297	3,234	36,531
Segment profit (Operating profit)	798	2,367	17	3,182	145	3,328

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.

Six months ended September 30, 2017 (April 1, 2017 to September 30, 2017)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	9,698	16,770	9,094	35,563	3,428	38,991
Inter-segment sales or transfers	–	–	–	–	–	–
Total	9,698	16,770	9,094	35,563	3,428	38,991
Segment profit (Operating profit)	851	2,508	80	3,440	29	3,470

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.